

ORIGINAL

NEW APPLICATION



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ARIZONA CORPORATION COMMISSION
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FINANCING APPLICATION

Oak Creek Utility Corp.
UTILITY NAME

WS-02061A-09-0400

WS-02061-A-09-
DOCKET NO(S)

You must complete ALL items in the application according to the instructions provided. If you have any questions regarding the application please call (602) 542-4251 for Staff assistance.

IN ORDER TO PROCESS YOUR APPLICATION
PLEASE FORWARD THE ORIGINAL
AND THIRTEEN COPIES OF THE
APPLICATION PLUS
THREE PACKETS OF THE SUPPORTING
DOCUMENTATION TO:

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL CENTER
1200 WEST WASHINGTON STREET
PHOENIX, ARIZONA 85007

Arizona Corporation Commission
DOCKETED

AUG 21, 2009

DOCKETED BY

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PUBLIC NOTICE
OF
AN APPLICATION FOR AN ORDER

AUTHORIZING THE ISSUANCE OF Water Infrastructure Finance Authority (WIFA)
BY Oak Creek Utility Corporation (company)

Oak Creek Utility Corp. ("Company") filed an Application with the Arizona Corporation Commission ("Commission") for an order authorizing Applicant to issue \$60,000 (gross proceeds) of WIFA (security to be issued). The application is available for inspection during regular business hours at the office of the Commission in Phoenix, Arizona, and the Company's offices in Sedona, Arizona.

Intervention in the Commission's proceedings on the application shall be permitted to any person entitled by law to intervene and having a direct substantial interest in this matter. Persons desiring to intervene must file a Motion to Intervene with the Commission which must be served upon applicant and which, at a minimum, shall contain the following information:

1. The name, address and telephone number of the proposed intervenor and of any person upon whom service of documents is to be made if different than the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding.
3. Whether the proposed intervenor desires a formal evidentiary hearing on the application and the reasons for such a hearing.
4. A statement certifying that a copy of the Motion to Intervene has been mailed to Applicant.

The granting of Motions to Intervene shall be governed by A.A.C. R14-3-105, except that all Motions to Intervene must be filed on, or before, the 15th day after this notice.

NARRATIVE

OAK CREEK UTILITY CORPORATION

771 Skipjack Drive
Henderson, Nevada 89015
oakcreekaz@gmail.com

August 17, 2009

Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007-2929

WS-02061A-04-0835
WS-02061A-04-0836

RE: Request for \$60,000 additional funds, an addendum to existing \$40,000 loan from Water Infrastructure Authority (WIFA) to construct a 10-thousand gallon water tank in Twin Springs Mobile Home Park, Oak Creek Canyon, Sedona, Arizona per consent order from Arizona Department of Environmental Quality (ADEQ) in 2003 on Oak Creek Utility Corporation (OCUC).

TO WHOM IT MAY CONCERN:

Please be advised that in 2003 Oak Creek Utility was given a consent order from ADEQ to construct a 10,000 water storage tank to comply with current regulations. The owner Dean Orem at that time applied to Arizona Corporation Commission (Commission) and in July 2005 for a rate increase to try and cover the expenses for the construction of this tank. Mr. Orem applied to WIFA for a \$40,000, 20-year term loan, and was designated by WIFA as a "Hardship Community", per WIFA Policy #1.008.

On October 2, 2006 the prior owner, Mr. Orem applied for an extension for this project because he had still not received WIFA funding and was trying to sell OCUC. The Commission granted Mr. Orem's extension request until May 31, 2007. On October 4, 2006, just two days after extension request was approved by the Commission, Mr. Orem's \$40,000, 20-year loan was approved by WIFA. Dixie Potter and Carla Hastings purchased OCUC on October 20, 2006, and was told that we could proceed with construction immediately by Mr. Orem, and that everything was in place and ready to go.

After purchasing OCUC there was a discrepancy in ownership and location of the site where the 10,000 gallon tank would be constructed. WIFA would not transfer the funds for the \$40,000 loan until the Commission took the owner before Mr. Orem to court to verify ownership. The owner prior to Mr. Dean Orem was Mr. Scott Gray. The meeting or court appearance with Mr. Gray and the Commission was January 2007. Mr. Gray divided OCUC's property, Lot 73a that has the actual utility on it, divided Lot 73a into two lots, (73a and 73b), and transferred the majority of the property out of the utility's name (OCUC), and into his personal property in 1984. A physical survey consisting of WIFA engineers, ADEQ, and an engineer from Arizona Engineering Company was performed. It was determined that a 10,000 gallon tank could not be constructed on Lot 73b which was the designated site for the 10,000 storage tank. Lot 73b was not large enough to accommodate a tank that large and would not pass any Coconino County set-back restrictions, building regulations, or codes.

The WIFA loan for construction of \$40,000 was not transferred to us, the new owners of OCUC until April 1, 2007, leaving us only two months to start the project. Dixie Potter and Carla Hastings, the new and current owners of OCUC was granted an extension on April 2007 for an additional year, May 31,

2008. Just to start the project we had to apply for a Technical Assistance Grant suggested by WIFA for the creative engineering that needed to be done on the other half of the lot that was divided in 1984, Lot 73a. After being granted the money needed for technical assistance, OCUC employed Karl Tobin, Arizona Engineering who was referred to us by WIFA as an engineering company that has worked closely on other WIFA projects. OCUC was also instructed to add two new booster pumps to this project by ADEQ, which was not previously requested. These pumps purchased and installed have been estimated to be approximately an additional \$30,000 to original plans. In May 2008 OCUC requested and approved for an additional one year until May 31, 2009 to try and complete this project.

To start construction OCUC was instructed by Coconino County that we had to apply for a Set-Back permit which would require a public meeting, a chance for the public to respond, and then Coconino County would conduct a second public meeting for public response. To acquire and submit these applications, OCUC was required to send both applications to the owner of the property where the utility is located for signature, which was Mr. Scott Gray. For unknown reasons, those permits took approximately four months for Mr. Gray to return those signed forms for submission to Coconino County approval. Both Set-back and Design Plan was approved on July 28, 2009 the same day OCUC was in front of the Commission requesting further extension of this project to May 31, 2010..

OCUC has spent \$10,000 in construction costs to excavate and store construction equipment during all these delays, and \$6,000 of the WIFA loan is designated for additional technical assistance, leaving approximately \$24,000 to continue with the project. OCUC could not apply for additional funds before our engineer, Karl Tobin submitted the Design Plan to Coconino County for approval. That Design Plan was approved on July 28, 2009. Without any of the technical assistance added in this Design Plan, the estimated construction costs were \$84,000. Taken into account that OCUC has \$24,000 left of the original \$40,000 loan, OCUC is requesting an addendum of \$60,000 added to our existing WIFA loan of \$40,000. This loan will be paid back in monthly installments for 20 years. OCUC has included a copy of "Exhibit A of Loan Agreement" from WIFA to show the amount and frequency of loan payments for your review.

OCUC has tried and has every intension of trying in the future to complying in every way possible to the Commission's time restraints, to the Safe Drinking Water Act, The Wild and Scenic River's Act, WIFA, ADEQ, Coconino County, OCUC customers, City of Sedona, and U.S. Environmental Quality.

OCUC respects and appreciates any consideration given in this matter.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Dixie R. Potter". The signature is fluid and cursive, with the first name "Dixie" being the most prominent part.

Dixie R. Potter, President

Exhibit A of Loan Agreement

Section 1: Financial Assistance Terms and Conditions Oak Creek Utility Corp 02-Mar-07

Loan Number..... 920116-07

Closing Date..... 04/01/07

Financial Assistance Terms and Conditions

Original Loan Amount as of the Closing Date.....	\$	40,000.00
Final Loan Amount as of Release of Retention.....	\$	40,000.00
Loan Term.....		20
First Fixed Monthly Payment.....		11/01/07
Final Fixed Monthly Payment.....		04/01/27

Debt Service Reserve Fund Requirements (Held by WIFA)

Total Reserve Amount.....	\$	2,258.63
Monthly Deposit.....	\$	37.64
Reserve Funded by (Date).....		10/01/12

WIFA will apply earnings on Debt Service Reserve to Principal Repayment.

Repair and Replacement Fund Requirement (Held by Borrower)

Begin Funding on (Date).....		11/01/12
Annual Amount.....	\$	451.73
Monthly Deposit.....	\$	37.64

Monthly Payment

Period #7 - 1st Debt Service Payment

Maximum Payment (Includes interest payable from Closing to 1st Payment).....	\$	425.86
Minimum Payment	\$	225.86

WIFA will calculate the first payment due on Period #7; payment will depend on actual loan draws.

Periods #8 through #66.....	\$	225.86
Periods #67 through #120.....	\$	188.22
Periods #121 through #180.....	\$	188.22
Periods #181 through #240.....	\$	188.22